



Connecticut Business & Industry Association

TESTIMONY
BEFORE THE
THE LABOR AND PUBLIC EMPLOYEES COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 9, 2006

My name is Bonnie Stewart and I am Vice President and Counsel for the Connecticut Business & Industry Association (CBIA). CBIA represents approximately 10,000 businesses throughout Connecticut, the vast majority of which are small companies employing fewer than 50 people.

CBIA is happy that all four caucuses have made improving our state's economy and job climate the major priorities for the session. To accomplish these goals, the general assembly should (1) focus on bringing our business costs more in line with other states to improve our competitive edge, (2) build a dependable infrastructure for our state, and (3) help ensure that our workforce is skilled and ready to accept the challenges and opportunities ahead. Health care costs are a significant component of Connecticut's competitive costs.

With that, I urge this committee to oppose **SB 462 An Act Concerning A Fair Share Health Care Surcharge** as it would create a new pay or play health care tax on employers without regard to the primary reason why individuals and companies struggle to maintain health insurance – the skyrocketing cost of health insurance.

Connecticut's economy is struggling – according to a recent Hartford Courant/UConn poll, people in Connecticut are most worried about jobs and the economy. The General Assembly needs to adopt measures that will improve the state's business climate and allow for greater opportunities. The pay or play health care tax that would be imposed under SB 462 does not do this -- instead, it will damage our economy.

Many major newspapers have strongly criticized big labor's "fair share" health care tax proposals, including the Washington Post which said, "Any state that imposes a

serious employer mandate would soon find itself at a competitive disadvantage in attracting and retaining jobs.” (The Washington Post, April 13, 2005).

In addition, the site locator professionals who help businesses find new locations have repeatedly said that Connecticut’s 2005 pay or play proposal dealt a “devastating blow” to the state’s economic image and promoted an anti-jobs and anti-competitive perception about the state.

Connecticut’s business community is unified in opposing this new tax – because it:

- Doesn’t address the real crisis of health care: Affordability.
- Ignores the high cost of health care in Connecticut – third-highest in the United States.
- Is preempted by federal law (ERISA):

Connecticut’s business community has proposed a package of reforms that will begin attacking the health care cost drivers (many of which are included in the Nutmeg Health Plan under SB 409). They won’t solve the problem overnight, but they will address concerns over escalating costs.

The 2006 General Assembly began with an overwhelming bipartisan consensus – and public expectation - that Connecticut must dramatically improve its prospects for job creation and economic growth. With that, I urge you to oppose SB 462. Thank you for your consideration.